

Ministry of Public Administration,
Provincial Councils & Home Affairs,
Independence Square,
Colombo 7.

23rd February, 1991.

To: All Secretaries to Ministries,
Secretaries to Governors of Provincial Councils,
and Chief Secretaries to Provincial Councils,
Heads of Departments,
Government Agents.

**Salary Loans/Advances - Amendments to
Chapter XXIV of the Establishments Code**

Delete sub-section 11:2 and substitute therefor:

“11:2 Amount - The amount of the loan shall not exceed five years salary subject to sub-section 11:13:8 and the Sub-sections 11:2:1 and 11:2:2”

2. Include the following new sub section immediately after sub-section 11:2:1.

“11:2:2 Where the monthly installment recoverable in respect of the Building Site or House Property Loan, cannot be accommodated within the limit of recoveries stipulated under the sub-section 3:5 the Secretary to the Ministry may approve a lesser amount so that the monthly instalments can be accommodated within the recoveries limit.”

3. Delete sub-section 3:5:1 and substitute the following new sub-section:

“3:5:1 - In the case of an officer who is obtaining a loan for the purchase of a Building site or a House property, the maximum limit of deductions should be 50% of the monthly salary. A loan should not be granted if it would result in this limit being exceeded. However, the Secretary to the Ministry may decide to approve a loan under the sub-section of 11:2:2.”

4. Delete sub-section 3:8 and substitute there for:

“3:8 - Interest should be charged on all loans (except in respect of the festival advance and the Building site or Housing property loan) at 7.2 per cent p.a. and should be recovered monthly. The rate of interest in respect of a Building Site or House Property Loan should be 12 per cent p.a.

5. This Circular is issued with the concurrence of the Treasury.

Sgd: R. Abeyratne
Secretary,
Ministry of Public Administration,
Provincial Councils & Home Affairs.